



DEPARTMENT OF THE ARMY
HEADQUARTERS, UNITED STATES ARMY FORCES COMMAND
FORT MCPHERSON, GEORGIA 30330-6000

REPLY TO
ATTENTION OF

AFLG-PR

25 October 1996

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Contracting Information Letter (CIL) 97-6: Policy
Analysis: Commercial Items Policy as it Impacts Regionalization
of Contracting

1. The Regionalization of Contracting Implementation Plan has raised the question whether under the new Commercial Items policy mandated by the Federal Acquisition Reform Act of 1995 (FARA), Corps DOCs/AACC should use individual installation requirements or an aggregate of all Corps/supported installation requirements in applying the \$5 million threshold for application of the special simplified acquisition procedures put in place by FARA.

2. The enclosed document, subject as above, supports the following conclusions using analysis of the new Commercial Items policy and workload:

a. For those commercial items where advance acquisition planning shows that future requirements up to five years **may aggregate to \$5 million or more** and the Corps DOC/AACC determines that it is practicable to consolidate requirements, the advance acquisition planning process should determine whether the relative benefits of an umbrella contract would outweigh the time/cost penalty of processing a formal contract.

b. Where the individual requirements of the supported installations are greater than \$500,000 but the total requirements of the Corps (or those installations supported by AACC) **aggregates to less than \$5 million**, supported installations should be **required** to forward their requirements annually to the Corps DOC or AACC as appropriate for incorporation into regional or master contracts procured using the simplified commercial items procedures.

3. The question has also been raised whether a waiver could be obtained under the new policy to do these aggregated buys estimated at \$5 million or more using the new special simplified procedures. Our reading of the Federal Acquisition Reform Act of

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1995 (FARA) showed that the law set an absolute ceiling at \$5 million, so that such a policy waiver would be extremely unlikely.

4. If you have any questions regarding this analysis or the recommendations, contact Mr. Roy Marr, DSN 367-7140, FAX extension 6247, email address marrrr@ftmcphsn-emh1.army.mil.



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POLICY ANALYSIS
COMMERCIAL ITEMS POLICY AS IT IMPACTS REGIONALIZATION

Prepared by
Office of the Principal Assistant Responsible for Contracting

25 October 1996

Executive Summary:

Successful regionalization of contracting requires that Corps DOCs and the Chief, AACC think in terms of aggregate requirements for consolidatable commodities exceeding \$500,000 at each supported installation. In this perspective everything over the regionalization threshold should be looked at from a Corps perspective, including items determined to be commercial items.

This perspective raised the question whether under the new Commercial Items policy Corps DOCs/AACC should use individual installation requirements or an aggregate of all Corps/supported installation requirements in applying the \$5 million threshold. For example, if the overall Corps landscaping requirements exceed \$5 million, should each supported installation be required to forward their requirements to the Corps DOC for a regional contract? Our analysis showed that this needs to be examined during the advance acquisition planning process on a case-by-case basis using cost benefit evaluation.

The question has also been raised whether a waiver could be obtained under the new policy to do these \$5 million⁺ aggregated buys using the new special simplified procedures. Our reading of the Federal Acquisition Reform Act of 1995 (FARA) showed that the law set an absolute ceiling at \$5 million, so that such a policy waiver would be extremely unlikely.

However, if the aggregate requirements for all Corps installations were still UNDER \$5 million then it would make sense for the Corps DOC to consolidate them and issue one contract using the new special simplified procedures.

This policy analysis supports these conclusions using analysis of the new Commercial Items policy and workload.

In summary, FORSCOM guidance on this issue is:

1. For those commercial items where advance acquisition planning shows that future requirements up to five years **may aggregate to \$5 million or more** and the Corps DOC/AACC determines that

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it is practicable to consolidate requirements, the advance acquisition planning process should determine whether the relative benefits of an umbrella contract would outweigh the time/cost penalty of processing a formal contract.

2. Where the individual requirements of the supported installations are greater than \$500,000 but the total requirements of the Corps (or those installations supported by AACC) **aggregates to less than \$5 million**, supported installations should be **required** to forward their requirements annually to the Corps DOC or AACC as appropriate for incorporation into regional or master contracts procured using the simplified commercial items procedures.

Introduction

This policy analysis examines the Regionalization issues surrounding the provision in section 4202 of the Federal Acquisition Reform Act of 1996 (Section D of the FY 96 Defense Authorization Act) that contracting activities may process requirements for property and services classifiable as commercial items up to \$5 million using special simplified acquisition procedures.

The approved Regionalization of Contracting plan calls for all negotiated actions over \$500,000 and all candidates for regional/master contracts, regardless of dollar value, to be forwarded to the Corps DOC/AACC for processing, as well as candidates for JOC contracts. Inasmuch as most services are procured using competitive negotiation, most service actions over \$500,000 would be forwarded to the appropriate Corps DOC/AACC.

However, the new FARA Commercial Items policy allows DOCs to use special simplified acquisition procedures to procure "Commercial Property and Services" up to \$5 million in estimated value. This analysis centers on the following issues which arise from that policy vis-a-vis the regionalization plan:

1. What are the criteria for an item to be a Commercial item? This is the first decision point in applying the policy.
2. Based on past requirements for the various supplies and services (keyed on FSC/service codes), what is the mix of requirements over a five year period that have a probability of aggregating to \$5 million or more, Corps-wide or FORSCOM-wide? The need for policy assumes more than rare occurrences of aggregate requirements exceeding the threshold.
3. What are the comparative costs and benefits of procuring commercial items (1) by individual DOCs using special simplified

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acquisition procedures, and (2) regionally or FORSCOM-wide through "umbrella" contracts? The purpose of the FARA policy is to give the contracting officer a new tool for performing procurements more efficiently and cost effectively, so cost effectiveness is paramount over an unreflective adherence to this policy.

The guidance issue to be decided is this: If the advanced acquisition plan for a Corps (or AACC) shows Corps-wide requirements for a commercial item which aggregate to (1) under \$5 million in total but over \$500,000 at each supported installation, should they be forwarded to the Corps DOC/AACC to be procured using the new procedures, and (2) if \$5 million or more in total, should all requirements for that service be aggregated and procured by the Corps DOC/AACC (if practicable), or should each supported installation send such requirements to the Corps DOCs/AACC only when its requirements for an item aggregate to \$5 million or more?

A separate but related question is whether a waiver of the new policy is possible to do these \$5 million or more consolidated buys using the new special simplified procedures.

ISSUE ONE: What are the criteria for an item to be a Commercial Item, especially the criteria for commercial services?

The FAR 2.101 definition of "Commercial Item" (as current through FAC 90-41) has eliminated the test for commerciality for supplies, such as percentage of government versus public sales and catalog/commercial prices. It gives the following definition of commercial services:

(f) Services of a type offered and sold competitively in substantial quantities in the commercial marketplace based on established catalog or market prices for specific tasks performed under standard commercial terms and conditions. This does not include services that are sold based on hourly rates without an established catalog or market price for a specific service performed. . .

Neither DFARS nor AFARS elaborate on that definition. Although current law has impacted these definitions, per Esther Morse, SARDA, the DAR policy team is still hammering out the definition language for implementation as of the date of this paper.

The basic definition of services under commercial items is found in the OFPP Act of 1974 (41 USC 403(12) (F)).

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(F) Services offered and sold competitively, in substantial quantities, in the commercial marketplace based on established catalog prices for specific tasks performed and under standard commercial terms and conditions.

The Federal Acquisition Reform Act of 1995 (FARA) slightly modifies the definition of commercial items:

SEC. 203. AMENDMENT TO DEFINITION OF COMMERCIAL ITEMS.

Section 4(12)(F) of the Office of Federal Procurement Policy Act (41 U.S.C. 403(12)(F)) is amended by striking out 'catalog'.

The effect of FARA is to delete the term "catalog" from the definition of commercial services, leaving only "established prices" with no further definition of what that means. Thus the FAR definition that commerciality includes established "catalog or market prices" may be revised based on FARA. However, the current language including "catalog" is still retained in FAR as of FAC 90-41. For the purposes of this policy analysis, we use the current FAR definition (FAC 90-41).

Section 4202 of the FY 96 National Defense Authorization Act states the following regarding application of simplified procedures to commercial items:

SEC. 4202. APPLICATION OF SIMPLIFIED PROCEDURES TO CERTAIN COMMERCIAL ITEMS.

(a) ARMED SERVICES ACQUISITIONS- (1) Section 2304(g) of title 10, United States Code, is amended--

(A) in paragraph (1), by striking out 'shall provide for special simplified procedures for purchases of' and all that follows through the end of the paragraph and inserting in lieu thereof the following: 'shall provide for--

`(A) special simplified procedures for purchases of property and services for amounts not greater than the simplified acquisition threshold; and

`(B) special simplified procedures for purchases of property and services for amounts greater than the simplified acquisition threshold but not greater than \$5,000,000 with respect to which the contracting officer reasonably expects, based on the nature of the property or services sought and on market research, that offers will include only commercial items.'; and

(B) by adding at the end the following new paragraph:

`(4) The head of an agency shall comply with the Federal Acquisition Regulation provisions referred to in section 31(g) of the Office of Federal Procurement Policy Act (41 U.S.C. 427).'

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The Act states that the contracting officer may use special simplified acquisition procedures for procurement of property and services up to \$5 million whenever he/she expects to receive *only* offers of commercial items. "Property and services" includes supplies, services and construction. The reference to compliance with FAR provisions referred to in 41 USC 427 is to special simplified procedures for acquisition of property and services that are not greater than the simplified acquisition threshold, meaning that any procedures strictly limited to procurements . not greater than the simplified acquisition threshold cannot be imported into the new simplified commercial items procedures. The proposed rule, published in the 6 Sep 96 *Federal Register*, does not substantively alter this language.

In summary, the essential criteria for commercial items are that they are (1) offered and sold competitively (2) in substantial quantities (3) in the commercial marketplace (4) based on established prices (catalog prices for services) (5). for specific tasks performed (6) under standard commercial terms and conditions.

Although it is currently uncertain what the specific FAR guidance will be, on the basis of all current and potential statutes, it can safely be concluded that:

(1) The vast majority of supplies procured by FORSCOM meet the criteria for commerciality.

(2) Only market research can determine whether services procured by FORSCOM currently meet the commerciality criteria. Problematic in this determination are the lack of definition of "established prices" for specific tasks; differences between commercial tasks and many basops tasks even in generic services such as custodial, food and groundskeeping services; and, in some cases, the need to modify standard commercial terms and conditions for a military environment. It must be noted that the proposed \$5 million threshold for application of special simplified procedures applies strictly in the case that the contracting officer anticipates receipt *only* of commercial offers.

(3) Suitable construction requirements up to \$300,000 will be covered largely by Job Order Contracts, rendering the issue moot; above this threshold most construction will probably not qualify as commercial in nature for the same reasons enumerated under subparagraph (2) above.

It is probable that, over time, there will be established market pricing flexible enough to be applied to basops

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environments, and a number of generic services will evolve to commercial status through commercialization of government specifications. Construction will continue to be difficult to commercialize in the military environment, and will largely be procured using JOC procedures.

Does the new law require that contracting officers use the simplified acquisition procedures for commercial items initially estimated at between \$100,000 and \$5 million? No, it simply authorizes and encourages the contracting officer to do so, giving him/her additional flexibility. The proposed FAR rule cited in the 6 Sep 96 *Federal Register*, adds a new FAR 13.103(j) which reads in part:

Contracting officers are encouraged to use innovative approaches in awarding contracts using the simplified acquisition procedures under the authority of this part. For commercial items, contracting officers have the flexibility to use any combination of the procedures in Subpart 12.6 or Parts 13, 14, 15, 35, or 36, as applicable.

In regard to use of the simplified procedures the word "required" is never used in the law or the proposed rule; the operative word is "authorized." In fact, the proposed FAR rule expressly forbids contracting officers from using the simplified procedures above the \$5 million threshold. It also forbids splitting requirements to stay under the threshold so as to use the simplified procedures (proposed FAR 13.103(c)).

Neither the law nor the proposed rule defines whose requirements are being considered when looking at the threshold, but this needs to be clarified in determining what would constitute splitting requirements. Under regionalization the supported installation DOC, in consultation with the Corps DOC, is empowered to consider all supported installation requirements for the purposes of determining who the procuring contracting officer shall be. Therefore, requirements "belong" to the individual installation until it is determined that they are suitable for regionalization; they are not considered "Corps" requirements for the purpose of applying the commercial items threshold.

In other words, if the total requirements of all Corps installations for a particular commercial item aggregate to at least \$5 million, it would not be considered splitting requirements under regionalization procedures to determine that they should be procured by the supported installation DOCs using the simplified procedures. However, once passed to the Corps DOC/AACC for procurement, the total estimated cost of those requirements must be used to apply the threshold and, if they

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exceed \$5 million, the Corps DOC/AACC would not be permitted to split them and use simplified commercial items procedures.

ISSUE TWO: Based on past requirements for the various supplies and services (based on FSC codes), what is the probability that requirements over a five year period for a particular supply or service will aggregate to \$5 million or more, either Corps-wide or FORSCOM-wide?

Examination of the FPDS database for FY 90 - FY 96 (31 Jul 96) disclosed the following workload breakdown by commodity type:

Type Commodity	Actions	Percent of Total Actions	Dollars Obligated	Percent of Total \$ Obligated
Supplies	9,216	30.92%	731,231,653	15.72%
Services	15,048	50.48%	2,952,746,531	63.46%
Construction	5,545	18.60%	969,095,567	20.82%
TOTAL	29,809	100.00%	4,653,073,751	100.00%

Inasmuch as the special simplified procedures for Commercial Items would apply above the Simplified Acquisition Threshold (\$100,000 for all DOCs), only those contracts over \$100,000 were considered in the analysis. The workload figures for the same period are as follows:

Type Commodity	Actions	Percent of Total Actions	Dollars Obligated	Percent of Total \$ Obligated
Supplies	3,966	19.59%	497,653,868	11.78%
Services	11,718	57.88%	2,805,336,790	66.42%
Construction	4,563	22.53%	920,788,708	21.80%
TOTAL	20,247	100.00%	4,223,779,366	100.00%

Based on accumulating actions and costs by contract number, total contract values are included for all five year contracts prior to FY 93, all four year contracts prior to FY 94, all three year contracts prior to FY 95, and single year contracts for all years (FY 96 amounts are current through 31 Jul 96). The database extraction contains all major contract types (C, D, F) since the analysis must look at aggregating all potential requirements for each item.

Annex A gives the detailed analysis of workload. For the sake of readability and continuity, the conclusions are summarized below.

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Summary of Issue

Workload analysis for the period FY 90 - 96 disclosed relatively few commodities whose requirements over a five year period would aggregate to \$5 million or more. Of those which potentially could aggregate to \$5 million or more, an in-depth analysis of the homogeneity and distribution of requirements, as well as the amenability of commodities to consolidation, reduced the candidate population to a handful of supplies, less than a dozen services, and no construction not already candidates for JOC or FHM contracts.

Thus the vast majority of items bought by FORSCOM would in all likelihood not aggregate to the \$5 million commercial items threshold on either a Corps- or FORSCOM-wide basis. All of these items would remain at the installations generating the requirements unless procured by the Corps DOC/AACC using the new Commercial Items simplified procedures.

The crux of the issue, then, are those relatively few supplies and services which (1) can be classified as commercial items, (2) likely will aggregate on a Corps or FORSCOM-wide basis to \$5 million or more, and (3) are suitable for consolidation in regional or master contracts.

ISSUE THREE: What are the comparative costs and benefits of procuring commercial items (1) by individual DOCs using special simplified acquisition procedures, and (2) regionally or FORSCOM-wide through regional or master contracts?

The comparative costs of individual procurements using special simplified procedures and one or more "umbrella" contracts for aggregate estimated requirements are largely driven by personnel costs based on the total amount of time required for processing each alternative. This would be different for each commodity inasmuch as the level and distribution of requirements, hence the number and complexity of individual procurements, would differ from commodity to commodity.

The only fully defensible method for estimating the comparative costs is a grass roots engineering approach which establishes time estimates for each task required in processing (1) an individual action using special simplified procedures and (2) a Requirements-type contract intended to cover a predetermined range of requirements (as measured by dollar value) over a given set of installations.

Absent such a full-blown analysis, only a relative comparison of the "special simplified acquisition procedures" to that of a full-blown contract over \$5 million is possible. To the

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question, what are "special simplified acquisition procedures" the proposed rule provides the following answer:

Pursuant to section 4202 of Pub. L. 104-106, acquisitions of commercial items using special simplified procedures are exempt from many of the Competition in Contracting Act (CICA) requirements that otherwise apply to acquisitions over the simplified acquisition threshold. Solicitations are not required to state the relative importance assigned to each evaluation factor and subfactor, nor are they required to include subfactors at all. Contracting officers have the flexibility to, among other things--

- (1) Forego formal evaluation plans, scoring of quotes or offers, or a competitive range determination;
- (2) Negotiate with one or more offerors, as appropriate, but not necessarily all offerors;
- (3) Conduct comparative evaluations of offers; and
- (4) Evaluate past performance based on such information as the contracting officer's knowledge and previous experience with the item or service being purchased, customer surveys, or other reasonable basis, without the existence of a formal database.

Synopsis requirements still apply, and all responsible sources must be permitted to submit a quote or offer which the contracting officer must consider. ... Otherwise, except for those procedures specifically limited to the simplified acquisition threshold or a lower threshold, this proposed rule authorizes use of procedures in FAR Part 13, Simplified Acquisition Procedures, for acquisitions of commercial items exceeding the simplified acquisition threshold but not exceeding \$5,000,000 (including options) if the conditions apply that permit use of the special simplified procedures (see new subpart 13.6).

The special simplified procedures for commercial items also include guidance at 13.604 that expressly gives contracting officers the flexibility to indicate to an offeror a price the contracting officer anticipates offerors will have to meet or better to remain competitive; and/or a consideration other than price (e.g., a contract term, a commercially-available feature) the offeror will have to meet or better, as appropriate, to remain competitive.

As can be seen, special simplified procedures are not substantially different than simplified acquisition procedures with the exception of some new procedural allowances regarding specific information given to offerors as well as simplified source selection procedures and a shortened synopsis period.

Assuming a negotiated procurement, this reduces or eliminates requirements for:

- a full 15 to 30 day requirement for posting a CBD synopsis; contracting officers can establish a reasonable amount of time less than the 15-day requirement;
- a full-blown RFP
- "formal" source selection requirements including a formal source selection plan, complete sections L and M, and elaborate evaluation methodologies and worksheets;

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- Pre- and Post-Negotiation Memorandums;
- normal PARC approvals/reviews of solicitation, POM/PNM, and source selection documents;
- Part 15 requirements for price/cost data and source selection; and
- any other tasks not required under Part 13.

Task studies concluded that this should reduce the Procurement Administrative Leadtime (PALT) for competitive negotiated actions by an average 58%. This would translate to 2.4 simplified acquisitions for Commercial Items for every one consolidated contract over \$5 million, *unless formal source selection procedures would be used, in which case four or more simplified acquisitions would equate to one formal contract.* Assuming an IFB, the new simplified procedures would reduce PALT by an average 52%, translating to about two (2) simplified Commercial Items acquisitions for every one consolidated contract over \$5 million.

Based on the analysis, while regionalized or master contracts would take at least two to two-and-a-half times as long as a simplified Commercial Items acquisition, when the requirements of at least three installations are aggregated, it may well make economic sense to establish a regionalized or master contract.

The benefits of a regionalized or master contract are:

- supported installations need only issue delivery or task orders, reducing PALT by as much as 90%.
- competition and economies of scale can reduce pricing, although by how much varies greatly with the commodity
- total contract administration time is substantially reduced
- acquisition planning for regionalized/master contracts can lead to better definition and standardization of requirements, which increases the likelihood of commercial "solutions"

For the policy issue to even arise, several things must happen:

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1. The requirements would have to aggregate to over \$5 million, and
2. The commodity in question must meet the new definition of commerciality, which is that the contracting officer, based on knowledge of the commodity and/or market research, reasonably expects only commercial products/services to be offered.
An item is a commercial good or service only if it is customarily offered in the commercial marketplace in substantially the same form, fit and function as the government's requirement. Although there are no longer percentage or price list tests for supplies, some sort of standard price should be apparent based on evidence presented by the offeror(s). Through FAC 90-41, FAR still categorizes commercial services as

"[s]ervices of a type offered and sold competitively in substantial quantities in the commercial marketplace based on established catalog or market prices for specific tasks performed under standard commercial terms and conditions. This does not include services that are sold based on hourly rates without an established catalog or market price for a specific service performed. . ."

For the benefits of regionalized/master contracts (those over \$5 million) to outweigh the time/cost penalty vis-a-vis simplified Commercial Items acquisitions, they should aggregate the requirements of three or more supported installations and the requirements should be stated in such a way as to be capable of being met by commercial goods or services.

However, there is no reason why a Corps DOC could not aggregate requirements that, in total, are less than \$5 million and, if they meet the definition of a Commercial Item, use the special simplified procedures, thus eliminating the time/cost penalty of formal contracting.

POLICY RECOMMENDATION

Based on the results of analysis of issues one through three above, the following guidance is provided:

1. For those relatively few potential commercial items where advance acquisition planning shows that future requirements over a standard contract period (up to five years) **may aggregate to \$5 million or more** over the Corps (or FORSCOM-wide in the case of AACC), and the Corps DOC/AACC determines that it is practicable to consolidate requirements, the advance acquisition planning process should determine whether

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the relative benefits of a Corps- or FORSCOM-wide contract would outweigh the time/cost penalty of processing a formal contract.

2. Where the individual requirements of the supported installations for a particular consolidatable commercial item are greater than \$500,000 but the total requirements of the Corps (or those installations supported by AACC) **aggregates to less than \$5 million**, supported installations should be **required** to forward their requirements to the Corps DOC or AACC as appropriate for incorporation into regional or FORSCOM-wide ID/IQ contracts using simplified commercial items procedures.

Based on analysis of historical data covering a period of almost six years, this would result in a transfer of a *maximum* 14.5% (in dollars) of supported installation workload that *may* have been procurable "in house" as commercial items. The actual proportion is likely to be substantially less, at least in the near term. A substantial fraction of this maximum workload -- perhaps as high as 90% by dollar value -- would have been transferred under the Regionalization plan irrespective of the proposed FARA commercial items policy.

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ANNEX A

ANALYSIS OF FORSCOM WORKLOAD FY 90 - FY 96 COMMODITIES BY FEDERAL SUPPLY/SERVICE CODE

Contracts/actions were extracted from the Federal Procurement Data System (FPDS) by FSC. Supplies commodity type is based on numerical FSCs through 9999; services are based on service codes A001 - X999; and construction is based on codes Y001 - Z999. Nomenclature was included in the extraction to determine more accurately what was included under each FSC.

Contracts were summed by FSC and analyzed to determine which FSC's accumulated \$5 million or more over the period. FSC's which did not accumulate to \$5 million over the period (FY 90 - 96) were automatically excluded from further consideration of policy based on the rationale that future requirements would likely not aggregate to \$5 million or more.

Those FSC's which aggregated to \$5 million or more over the period were subjected to more detailed analysis which considered:

- the homogeneity of scope of work (as evidenced by nomenclature)
- the number of separate installations contracting for the same or similar type of commodity, and relative size of contracts
- the number of non-Corps installations (excluding AACC) contracting for the same or similar type of commodity, and relative size of contracts
- the susceptibility to commodities contracted for under a particular FSC to consolidation under regional/master contracts

Supplies

Based on such analysis, no supplies other than ADPE and Liquid Propane Gas (LPG) were considered viable candidates for consolidated contracts. On the next page is the list of FSC candidates:

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FSC	NOMENCLATURE	OBLIGATED	REMARKS
2305	Reefer Vans	12,730,382.00	Bragg only
2590	Vehicle Parts (COPARS)	28,680,227.86	Largely bought by Credit Card
3610	Copiers	16,975,197.79	Expand Cost per Copy
5610	Asphalt/stone/aggregate	11,157,645.95	Substantial subcont reqd
5670	Wood	6,412,733.62	All Bragg (1 small Hood K.)
5895	Commo Systems	9,298,531.00	One large Fort McPherson K.
7010	Computer/ADPE	46,439,800.25	Most bought on GSA, DOD K's
7025	Computer/ADPE	10,823,299.28	Most bought on GSA, DOD K's
7030	Computer/ADPE	18,397,101.35	Most bought on GSA, DOD K's
7035	Computer/ADPE	25,602,234.92	Most bought on GSA, DOD K's
7045	Computer/ADPE/Commo	72,163,319.30	Bragg & AACC majority K's
7050	Computer/ADPE	5,217,233.00	Mix of C and F actions
7105	Furniture	35,893,220.49	Mandatory sources (?)
7110	Furniture	20,608,419.21	Mandatory sources (?)
7125	Storage hdwe	6,375,520.28	Mostly Corps DOCs - mandatory?
8105	Sandbags	6,184,459.00	1 large K. - Bragg
8910	Dairy Products	17,221,468.90	Other Agency ID/IQ contracts
8920	Cereal & Bread Prods.	5,359,419.12	Other Agency ID/IQ contracts
9130	Liquid Propane Gas	7,427,592.20	Potential candidate
9999	Miscellaneous supplies	7,424,426.00	Too heterogeneous

ADPE is usually procured through GSA, Army and Air Force ID/IQ contracts. Although experience has shown that frequently competitive open market prices achieved by DOCs/AACC are lower than the prices on these contracts, current GSA policy allows contracting officers to negotiate Schedule prices if quantity or other factors provide leverage to lower them. Therefore establishment of FORSCOM IDIQ contracts for ADPE is justified only if substantially lower prices can be thereby achieved.

Liquid Propane Gas is a highly competitive localized market. It is likely that a regional or master contract for LPG would not achieve significant savings since deliveries to the various sites would need to be subcontracted to local small businesses, with pyramiding of the prime contractor's overhead on subcontractor prices.

Services

Only the following FSC's aggregated to \$5 million or more over the period FY 90 - 96:

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FSC	Nomenclature	Obligations	Remarks
AZ16	R&D	12,331,030.24	All AACC contracts
B503	Archaeological Studies	5,497,552.68	All Fort Hood contracts
D307	HQ FORSCOM Info. Svc.	29,922,964.33	AACC contracts
D399	ADPE Sys Support	40,063,214.51	Largely AACC contracts
J012	Ranges & Acft. Maint.	38,893,018.95	Fort Hood contracts
J016	Aircraft Maint.	69,879,901.00	Fort Hood contracts
J023	Various	6,427,806.00	Too heterogeneous
J036	Cost per Copy	5,504,391.10	AACC contract
J070	ADPE/sftw Maint.	20,080,232.17	Potential candidate
J074	Maint. Office Equipment	9,808,430.30	Over 50% Hood - ?
M119	BASOPS	385,529,503.20	AACC doing Irwin K's
M199	Ops of Various Functions	41,075,906.83	Too heterogeneous
M299	Ops. of MPRC	11,981,127.00	Potential candidate ?
P400	Demolition	11,761,353.82	Potential candidate ?
R414	FAISS	10,447,350.50	AACC for G2
R419	Educ. Services (MOS/SEP)	10,189,627.06	Possibly too heterogeneous
R499	Prof./Tech. Spt. Services	80,295,023.40	Too heterogeneous
R799	Various svcs/training	52,812,936.86	Too heterogeneous
S111	Gas Utility	189,035,099.04	Regulated & localized
S112	Electric Utility	549,700,208.29	Regulated & localized
S114	Water Utility	27,737,592.29	Regulated & localized
S119	Sewer Utility	48,834,085.24	Regulated & localized
S201	Custodial Services	103,518,634.29	Potential candidate
S203	FFS/DFA	219,176,617.12	Potential candidate
S204	Mix of utilities, Acft. Refuel	8,893,882.63	Too heterogeneous
S205	Refuse/Waste Mgmt.	54,311,565.15	Potential candidate
S206	Security Guard	34,872,301.18	Cannot contract out
S208	Grounds Maintenance	22,359,666.73	Must commercialize specs
S209	Laundry Services	26,918,155.58	Geographic, spec problems
S216	Heterogeneous svcs.	84,126,638.43	Too heterogeneous
S222	Heterogeneous svcs.	15,865,396.40	Too heterogeneous
S299	Heterogeneous svcs.	23,552,356.06	Too heterogeneous
T016	TASC Functions	18,008,437.28	Potential candidate
U005	Tuition & Fees	229,058,000.75	No potential for consolid.
U009	Educ. & Voc. Services	15,729,456.55	Too heterogeneous
U099	Heterogeneous training	5,224,012.80	Too heterogeneous
V002	Operate TMPs	19,556,228.29	Possible spec. problems
V003	Moving/Storage	15,264,574.66	Geographic, spec problems
V212	Bus services	6,596,156.25	One AACC contract
V222	School buses	7,666,758.23	Largely Bragg, Hood
V231	Meals & Lodging	11,919,370.07	Too localized
V241	Meals & Lodging	32,072,180.70	Too localized
V999	School buses	5,678,961.00	Riley, Campbell
W023	Leasing vehicles	16,499,374.00	Too heterogeneous
W036	Cost per Copy	5,796,466.05	AACC contract

COMMERCIAL ITEMS POLICY AS IT IMPACTS REGIONALIZATION

Based on an analysis similar to that for supplies, only the following were considered candidates for regional/master contracts:

J070	Maintenance of ADP Equipment/software
J074	Maintenance of Office Equipment
M299	Operation of Multipurpose Range Complexes
P400	Demolition
S201	Custodial Services
S203	Full Food Service/Dining Facility Attendants
S205	Refuse Collection/Waste Management
S209	Laundry Services
T016	TASC functions
V002	Operation of Transportation Motor Pools (TMP)

The negative factors for consolidated maintenance of ADPE and consolidated maintenance of office equipment are (1) the heterogeneous mix of brands/models of equipment at installations, (2) the geographic scope, and (3) need for rapid response time which will necessitate selection of a large business and/or substantial subcontracting effort. Positive factors are (1) the potential for substantially fewer maintenance contracts and the consequent administrative savings, and (2) some potential for savings through economies of scale or trade/quantity discounting.

Custodial services, FFS/DFA, refuse collection and groundskeeping will necessitate commercialization/standardization of specifications. While this is possible for custodial and groundskeeping, it is unlikely for FFS/DFA. The scope of refuse collection compared to industry size may make it a non-candidate.

Although some installations, notably Bragg and Carson, have experimented with off-site laundry services, regional scope may be beyond the capabilities of any known laundry contractor.

TASC functions may or may not have a "matching" commercial industry; these functions may be fragmented among several industries, which would make an "umbrella" contract difficult and possibly expensive, and might necessitate multiple awards, which would significantly reduce administrative savings.

Operation of Transportation Motor Pools (TMP) may be workable if the mix of vehicles is not too variegated.

Construction

Due to the non-homogenous nature of construction and the proliferation of JOC and Family Housing Maintenance (FHM) contracts, no construction categories were determined to be candidates for regionalized or master ID/IQ contracts.